



0000063729

ORIGINAL

200

Geoffrey S. Kerckmar (#020528)
 THE KERCKMAR LAW FIRM P.C.
 3260 N. Hayden Road, Suite 204
 Scottsdale, Arizona 85251
 Telephone: (480) 421-1001

Arizona Corporation Commission

DOCKETED

NOV 22 2006

Attorneys for Respondents Jerry Hodges and Lawrence K.
 Paille

DOCKETED BY	SLI
-------------	-----

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

AGRA-TECHNOLOGIES, INC. (a/k/a
 ATI), a Nevada Corporation,
 5800 North Dodge Avenue, Bldg. A
 Flagstaff, AZ 86004-2963

DOCKET NO. S-20484A-06-0669

WILLIAM JAY PIERSON (a/k/a BILL
 PIERSON) and SANDRA LEE
 PIERSON (a/k/a SANDY PIERSON),
 husband and wife,
 6710 Lynx Lane
 Flagstaff, AZ 86004-1404

ANSWER OF RESPONDENTS JERRY
HODGES AND LAWRENCE K. PAILLE

WILLIAM H. BAKER, JR (a/k/a BILL
 BAKER) and PATRICIA M. BAKER,
 husband and wife,
 3027 N. Alta Vista
 Flagstaff, AZ 86004

JERRY HODGES and JANE DOE
 HODGES, husband and wife,
 1858 Gunlock Court
 St. George, UT 84790-6705

LAWRENCE KEVIN PAILEE (a/k/a
 LARRY PAILLE) and JANE DOE
 PAILLE, husband and wife,
 220 Pinon Woods Drive
 Sedona, AZ 85351-6902;

Respondents.

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 NOV 22 P 4: 36

RECEIVED

Respondents Jerry Hodges and Lawrence K. Paille (together, "Respondents")
 answering the Temporary Order to Cease and Desist and Notice of Opportunity for
 Hearing ("TCD"), admit, deny and allege as follows:

I.

JURISDICTION

1. Admit the allegations in Paragraph 1 of the TCD.

II.

RESPONDENTS

2. Admit that AgraTech's offices are located at 5800 N. Dodge Ave., Bldg. A, Flagstaff, Arizona 86004. Lack information or belief sufficient to respond to the remaining allegations in Paragraph 2 of the TCD.

3. Lack information or belief sufficient to respond to the allegations in Paragraph 3 of the TCD.

4. Lack information or belief sufficient to respond to the allegations in Paragraph 4 of the TCD.

5. Lack information or belief sufficient to respond to the allegations in Paragraph 5 of the TCD.

6. Lack information or belief sufficient to respond to the allegations in Paragraph 6 of the TCD.

7. Lack information or belief sufficient to respond to the allegations in Paragraph 7 of the TCD.

8. Lack information or belief sufficient to respond to the allegations in Paragraph 8 of the TCD.

9. Admit.

10. Denied. By way of further response, Jerry Hodges is unmarried.

11. Admit.

12. Denied. By way of further response, Lawrence K. Paille is unmarried.

13. Paragraph 13 of the TCD contains no factual allegations, and therefore an admission or denial is not required.

1 26. Admit that Ore Unit purchasers were not informed by Respondents of the
2 commission structure for the Ore Units unless the purchaser requested commission
3 information. The remaining allegations of Paragraph 26 of the TCD are denied.

4 27. Admit that, since August 2005, Respondents have re-sold AgraTech stock to
5 certain private investors within Arizona. The remaining allegations of Paragraph 27 of the
6 TCD are denied.

7 28. Admit that, since August 2005, Respondents have re-sold AgraTech stock to
8 certain private investors within Arizona. The remaining allegations of Paragraph 28 of the
9 TCD are denied.

10 29. Denied.

11 30. Admit that, since August 2005, Respondents have re-sold AgraTech stock to
12 certain private investors within Arizona. The remaining allegations of Paragraph 30 of the
13 TCD are denied.

14 31. Lack information or belief sufficient to respond to the allegations in
15 Paragraph 31 of the TCD. By way of further response, Respondents did not become
16 agents of AgraTech until August 2005.

17 32. Denied.

18 33. Lack information or belief sufficient to respond to the allegations in
19 Paragraph 33 of the TCD.

20 34. Lack information or belief sufficient to respond to the allegations in
21 Paragraph 34 of the TCD.

22 35. Lack information or belief sufficient to respond to the allegations in
23 Paragraph 35 of the TCD.

24 36. Denied.

25 37. Denied.

26 38. Denied.

3 40. Admit that Respondents were aware of a \$39 million loan facility and/or
4 investment package sought by AgraTech in June 2006. Lack information or belief
5 sufficient to respond to the remaining allegations in Paragraph 40 of the TCD.

6 41. Admit that, before the TCD was filed or served on them, Respondents sold
7 two Ore Units on September 25, 2006, and one Ore Unit on October 4, 2006. Lack
8 information or belief sufficient to respond to the allegations in Paragraph 41 of the TCD.

IV.

VIOLATION OF A.R.S. § 44-1841

42. Denied. By way of further response, Respondents did not become agents of
AgraTech until August 2005. Since that time, Respondents have sold Ore Units within
Arizona and Respondents have re-sold AgraTech stock to certain private investors within
Arizona.

15 43. Lack information or belief sufficient to respond to the allegations in
16 Paragraph 43 of the TCD.

17 44. Denied.

V.

VIOLATION OF A.R.S. § 44-1842

45. Denied. By way of further response, Respondents did not become agents of AgraTech until August 2005. Since that time, Respondents have sold Ore Units within Arizona and Respondents have re-sold AgraTech stock to certain private investors within Arizona.

24 46. Denied.

VI.

VIOLATION OF A.R.S. § 44-1991

47. Denied.

48. Denied.

* * *

49. Respondents state that Section VII of the TCD does not require a response.

50. Respondents deny each and every allegation not specifically admitted herein.

51. Respondents request that the Commission deny the requested relief as identified in Paragraphs 1 through 5 of Section VIII of the TCD.

52. Respondents have requested a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-307.

53. Respondents have fully complied with the Answer Requirements contained in Section X of the TCD.

AFFIRMATIVE DEFENSES

1. Respondents allege that the TCD fails to state a claim upon which relief can be granted.

2. Respondents allege that any securities offered were exempt from registration.

3. Respondents allege they were not required to be registered as a dealer, salesman, investment advisor or investment advisor representative.

4. Respondents allege that the Securities Division has failed to allege securities fraud with reasonable particularity.

5. Respondents allege that no individual relied, reasonably or otherwise, on any alleged misrepresentation by Respondents.

6. Respondents allege that they did not know, and in the exercise of reasonable care, could not have known, of any untrue statements or material omissions as set forth in the TCD.

1 7. Respondents allege that they have not acted with the requisite scienter.

2 8. Respondents allege that they have not employed a deceptive or manipulative
3 device in connection with the sale of any security.

4 9. Respondents allege that no one has suffered from injuries or damages as a
5 result of Respondents' acts.

6 10. Respondents allege that they never made any misrepresentations or omissions,
7 material or otherwise.

8 11. Respondents allege that the violations, if any, of the Arizona Securities Act
9 were proximately caused and contributed to by the improper conduct or intervening acts
10 of the other respondents, or other third persons who are not named in the action as
11 parties.

12 12. Respondents allege that they acted in good faith and did not directly or
13 indirectly induce the conduct at issue.

14 13. Respondents allege that no private or investor complaints have been filed
15 against Respondents.

16 DATED this 22nd day of November, 2006.

17 THE KERCSMAR LAW FIRM P.C.

18
19 By 

20 Geoffrey S. Kerckmar
3260 N. Hayden Road, Suite 204
21 Scottsdale, Arizona 85251
(480) 421-1001
22 (480) 421-1002 (facsimile)
Attorneys for Respondents Jerry Hodges and
23 Lawrence K. Paille
24
25
26

1 ORIGINAL and THIRTEEN COPIES of
2 the forgoing hand-delivered this
22nd day of November, 2006, to:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

6 ONE COPY of the foregoing mailed and e-mailed
this 22nd day of November, 2006, to:

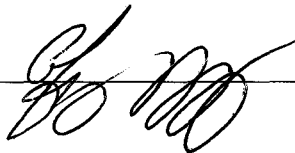
7 Securities Division
8 Arizona Corporation Commission
Attn: Mike Dailey
9 1300 West Washington Street
Phoenix, Arizona 85007

11 ONE COPY of the foregoing mailed
this 22nd day of November, 2006, to:

12 Richard Allen Cambell and Sondra Jane Campbell
13 8686 West Morten Avenue
Glendale, Arizona 85305-3904
14 Respondents

15 ONE COPY of the foregoing mailed
this 22nd day of November, 2006, to:

17 Lonnie J. Williams, Jr.
Carrie M. Francis
18 Quarles & Brady Streich Lang LLP
Renaissance One
19 Two North Central Avenue
Phoenix, Arizona 85004
20 Attorneys for Respondents Agra-Technologies,
Inc., William J. Pierson, Jane Doe Pierson,
21 William H. Baker and Jane Doe Baker

22
23 
24
25
26